

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /141 W
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FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC PRIORITY 9636
INFO AMEMBASSY LONDON

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E.O. 11652: N/A
TAGS: ENRG, IR
SUBJ: PETROLEUM: CONSORTIUM DISCUSSIONS WITH NIOC ADJOURN

REF: TEHRAN 07127, TEHRAN 06566

1. TEXACO CONSORTIUM TEAM MEMBER ELKIN YATES TOLD EMBOFF
AUGUST 3 THAT AT GOI INITIATIVE NIOC AND CONSORTIUM HAVE AGREED
TO RECESS CURRENT TALKS AS HAVING MADE AS MUCH PROGRESS AS
POSSIBLE FOR PRESENT. NO DATE FOR RESUMPTION OF TALKS HAS
BEEN SET BUT YATES OPINED THAT ONE MONTH FROM NOW WOULD BE
MINIMUM. DEPUTY NIOC MANAGING DIRECTOR MEHRAN INDICATED,
HOWEVER, THAT HE MAY BE IN CONTACT WITH BP OFFICIALS IN
LONDON DURING HIS VACATION WHICH WAS TO BEGIN TODAY.

2. YATES REPORTED THAT MAJOR DIFFERENCES ARE OUTSTANDING ONLY
ON TWO BASIC ISSUES: NIOC'S DEMAND FOR A GUARANTEE THAT IT
WILL BE ENTITLED TO THE SAME TREATMENT ACCORDED BY ANY
CONSORTIUM MEMBER TO ANY OTHER COUNTRY DURING THE LIFE OF
THE NEW AGREEMENT AND THE FUTURE OF ABADAN WITH NIOC
MAINTAINING THAT THE CONSORTIUM SHOULD CONTINUE TO TAKE
REFINED PRODUCT FROM ABADAN. YATES SAID THAT THERE HAD
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BEEN SOME PAINFUL GIVE ON FIRST ISSUE BY CONSORTIUM BUT
NOT SUFFICIENT TO SATISFY NIOC.

3. CONSORTIUM APPARENTLY ENVISAGES NO MAJOR PROBLEMS IN
RESOLVING OTHER BASIC ISSUES, INCLUDING VOLUME, PRICING,
PENALTY CLAUSES, AND INVESTMENT, ALTHOUGH NEGOTIATING
STILL REMAINS ON SAME POINTS. VOLUME FIGURE OF 3.3 MILLION

BARRELS A DAY CITED IN REFTELS APPEAR
ACCURATE AS DOES 20-CENT-PER-BARREL DISCOUNT;
HOWEVER, AMOUNT OF SERVICE FEE NOT SETTLED AS
IS CONSORTIUM'S DESIRE TO REFER TO DISCOUNT, PLUS SERVICE
FEE AS QUOTE REMUNERATION UNQUOTE AND FOR PRICING TERMINOLOGY THAT WILL ENSURE CONSORTIUM FAIR SHAKE IN FUTURE;
E.G., QUOTE COMPETITIVE AND NON-DISCRIMINATORY UNQUOTE.
PENALTY ISSUE SEEMINGLY RESOLVED SHORT OF A TAKE OR PAY
CLAUSE WITH CONSORTIUM AND NIOC AGREEING ON A FINANCIAL
PENALTY AND LOSS OF FUTURE ENTITLEMENT.

4. WHEN CONCLUDED THE NEW AGREEMENT WILL BE A FIFTEEN-
YEAR PACT RUNNING TO 1993, DIVIDED INTO THREE FIVE-YEAR
SEGMENTS. VOLUME WILL BE DECIDED PRIOR TO EACH FIVE-
YEAR PERIOD AND PRICES WILL BE BASED ON NIOC ADVISED
PRICE.
NAAS

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